

HD
6961
.C3
1919

MUTUAL INTERESTS
OF
LABOR AND CAPITAL

FOURTH EDITION REVISED

By GEORGE WILDER CARTWRIGHT

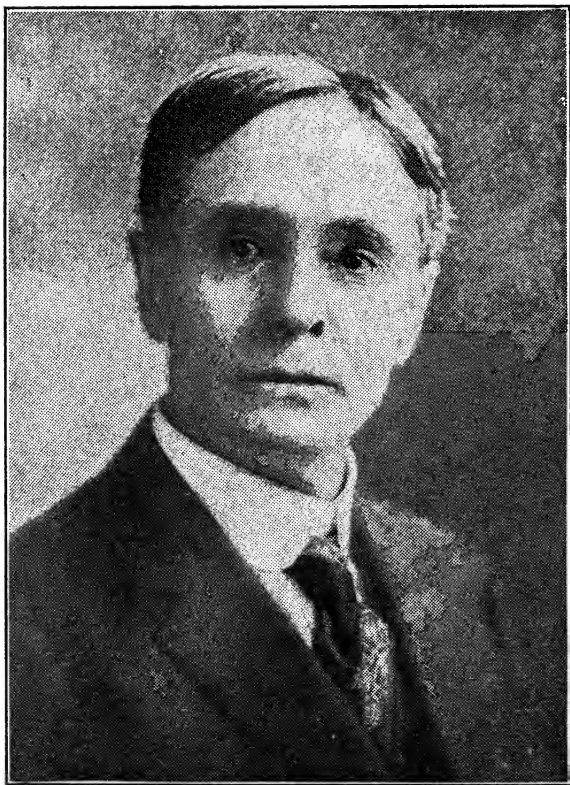


BANCROFT
LIBRARY



THE LIBRARY
OF
THE UNIVERSITY
OF CALIFORNIA

Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation



GEORGE WILDER CARTWRIGHT

Mutual Interests of Labor and Capital

BY
GEORGE WILDER CARTWRIGHT

Author of
The Cartwright Anti-Trust Law of California
Bolshevism, Labor and Capital
The Derailing Switch
The Price of Success, etc.

MUTUAL INTERESTS ASSOCIATION
OF AMERICA

724 So. SPRING ST.

LOS ANGELES, U. S. A.

First Edition Copyrighted 1918
Fourth Edition Copyrighted 1919
By G. W. CARTWRIGHT
Los Angeles, Cal.

HPD6961

. C3

1919

56630

Bancroft Library

14946
This little volume is started on its mission to bring labor and capital to a better understanding with each other, and if its purpose shall be accomplished in some small degree, abundant compensation will have crowned the humble efforts of

THE AUTHOR.

CONTENTS

	PAGE
Socialism	9
Labor and Capital.....	38
Bacon and Beans.....	63
Freak Laws.....	77
Agitators and Demagogues.....	97
Regulation of Business by Law.....	109
German Efficiency and American Liberty.....	127

When the government owns everything and does everything and the people own nothing and do nothing, will we all be happy?

Socialism

Mr. President:

Why not agitate for something that will bring happiness, contentment and prosperity to the world, instead of something that will bring strife, desolation, poverty and misery?

What has the agitator to offer us after the destruction of what we have?

Let us look first and leap afterwards.

The Soul of the World is on fire. It is vibrant with the crushed hopes of the centuries. It is burning for something it has not had and that we must help it to get.

The world needs statesmen, not politicians. The world needs wisdom, not words, just now. This is the hour for cool heads and calm deliberation. Whatever is good for most of us is

best for all of us. Any government is better than no government. Law and order must be preserved at any cost, but let us strive for justice and wisdom in its administration.

The whole world is seething with an unrest that threatens the destruction of all liberty, all order, all property, all means of production. The poison of hate has sunk deep in the hearts of men and filled their minds with madness. There must be a remedy.

Employer and Employee.

The problems of worker and employer must be solved. They have been sidestepped, dodged, neglected and evaded by the politicians the world over. They will never be solved by the politicians.

The politician will do as he has always done. He will keep his eye on the ballot-box and his hand in the public treasury. He will do what appears to be the popular thing, not the effective thing. He will expand his chest and lift his hypocritical voice about the rights of the workingman, the downtrodden poor, and the iniquities of capital, just as the more honorable but

misguided agitators do. Many of the newspapers will do the same. They always have. It increases their circulation among the workingmen, upon which their advertising rates are based.

They may teach false doctrines too long. They did in Russia, and among the first confiscations of property were the great newspaper plants of the empire. Among the first victims of mad wrath were those who agitated for it.

When orderly government is destroyed, however bad that government may have been, the mob that takes charge of affairs does not follow the rule of reason. The captain of the mob today may have his head in the basket tomorrow.

Asleep.

We in this country have been sleeping at the switch. We have left the problem of worker and employer to the dreamer, the agitator and the politician. But the time has come when the best brains of the nation must focus their combined rays upon it if orderly government is to endure.

It cannot be settled by employers alone, for they will have a narrow, biased and circumscribed

view. It cannot be settled by labor leaders alone, for the very same reason. It cannot be solved until we have taught the people to understand that labor and capital are partners in the field of production and distribution; that the prosperity of one aids the prosperity of the other; that whatever hurts either hurts both; that labor needs capital and the brains that go with capital just as much as capital needs labor and the brain and brawn that go with labor; that when either labor or capital is endangered they should rush to each other's defense; and, finally, that in their relations to each other they must be guided by the *Square Deal*.

Wages.

There must be reasonable wages and reasonable hours (wages may be too high as well as too low); there must be such wholesome conditions of employment as will tend toward tranquility and contentment; there *must be such adequate protection of capital from the menace of the agitator and the vote-hunting politician that capital will seek larger and more extended fields of activity. Active capital spells higher wages and*

steadier employment. Capital will not invest where politicians supervise its handling, nor when strikes and lockouts are constantly threatened. *IDLE DOLLARS MEAN IDLE MEN.*

Strikes.

The strike of forty thousand men at Seattle, not only took away the income of the strikers and their employers, indirectly deprived other thousands of men from gaining a livelihood, and lost to the world the wealth that would have been created, but it did something far more damaging to labor. It frightened every intended investment into hiding, caused thousands of manufacturers to postpone extensions, and left hundreds of thousands of idle men who would have been given employment, had there been no strike.

Take the politician off the back of industry, remove all unnecessary, meddlesome, vote-getting political regulation of business, assure the man who has a dollar or a million dollars that there will be no strikes excepting for the gravest reasons, and hundreds of millions of dollars now in hiding will be thrown into active industry.' Mills

now going at half capacity will run full blast. *There will be jobs hunting for men instead of men hunting for jobs.*

Cost of Living.

The criminal folly of quarreling over wages and hours should be called the unpardonable sin. These are scientific questions and should be settled by a simple rule of mathematics. With all due respect to those who think that wages should be regulated by the cost of living, a little thought will prove that the cost of living is regulated by wages. The higher the wages, the higher the cost of living, temporary variations due to over or under production excepted.

When wages were \$1.50 a day, a fine pair of shoes cost \$3.00. When wages were \$3.00 a day the same shoes cost \$6.00.

If wages were \$100.00 a day the shoes would cost \$200.00. This same rule holds good with all articles of consumption. But:

If wages are too high, or the hours too short, American industries cannot compete, capital migrates to other countries or lies idle, and labor

goes unemployed. If wages are too low labor loses its purchasing power, sales of articles of consumption fall away and business in all lines stagnates. In either case both worker and employer suffer unnecessary loss.

But, between these two extremes there is a scientific wage that will be best for both worker and employer. When labor and capital learn that their interests are mutual, that they are partners, they will get within shooting distance of this scientific wage.

Labor-Saving Machinery.

Those who advocate ridiculously short hours upon the theory that it will provide more jobs for more men, are suffering from mental aberration. Had their theory been adopted in the stone age we would still be living in tree-tops and under the shelter of rocks and caves. They forget that *human want keeps pace with human ingenuity.*

The ax and the saw enabled men to build log houses. They were no longer satisfied with life in caves and under the shelter of rocks. They

could not use their stone hatchets, but there was a greater demand for labor in the house-building business with axes and saws than there had ever been in cutting fagots with their stone hatchets. *Human want kept pace with human ingenuity.*

When the Mergenthaler Linotype was invented, a great protest went up from the printers. They thought the new invention would rob them of employment. One man could do the work of five or six. What were we to do with the idle men? was heard on every side. But it was soon discovered that the cheapness of printing with the new invention so increased the demand for printed matter, that there was a greater demand for printers than ever before. Merchants printed more catalogues. Business men printed more circulars. Newspapers sprang up in greater number. *Human want kept pace with human ingenuity.*

When Cartwright invented the loom English weavers threatened to lynch him, but it was not many years until they erected a monument to his memory. The loom had reduced the price of cloth until everyone could wear sufficient clothing for

comfort and the demand for weavers increased beyond the supply.

Human want kept pace with human ingenuity.

So it was with the cotton gin, the typewriter, and other labor-saving inventions. They increased the demand for labor by bringing more of the luxuries, comforts and conveniences of life within the reach of all.

To limit hours of labor for the purpose of giving employment to more people would lose to the race the benefits of inventive genius. *It would stop the wheels of progress.*

Profit-Sharing.

What the world needs is more efficiency, not less efficiency.

In those industries where a profit-sharing plan is feasible, efficiency and loyalty to employer and employment can be greatly increased by a scientific division of the excess profits of the industry over and above a reasonable wage on the one hand and a reasonable return to capital on the other. Capital must have an inviting opportunity for profit, or it will not invest, and labor goes unem-

ployed. The laborer should have an opportunity to increase his own income by his own efforts, his own efficiency, and his own loyalty. He should not have to depend upon the good will of the foreman or superintendent of the plant. A gift of a few dollars at Christmas will not answer. The worker may be pleased with it, but it will not increase his loyalty nor his efficiency. Subconsciously he resents it. The "hand that gives is always above the hand that receives." Nor will raising his wages increase his efficiency. Wherever it is practicable, he should be given an opportunity to share in the excess profits of the enterprise. This gives him a direct interest in the results of industry, and offers a direct incentive for increased exertion. He feels the responsibility and pride of partnership. He will help to make the vote-hunting political meddler unpopular. He will report the faithless fellow-worker to the manager. He will look after the interests of the business as never before. He will not only increase his own income, but he will stabilize and increase the profits of his employers.

Most of the profit-sharing plans heretofore

attempted have been clumsy, unscientific and inequitable, yet many of them have produced the above results.

No permanent solution of the problems of worker and employer can be brought about until the vagaries of socialism have been fully and finally exposed. The socialist orator has a large heart and a larger imagination. He presents his false doctrine with convincing eloquence, but he lacks the power of understanding the ultimate springs of human action.

Socialism is beautiful to think about, but false in principle and impossible in practice. It will not work. It is unworkable. *Socialist colonies starve and disband.* If it is ever adopted in any country, that country will starve until it returns to private property and private profits. That has been its history. That will be its history until time shall have changed the motives that control the activities of mankind.

Most socialists assume that no man is entitled to make a profit out of another man's toil. That sounds good at first blush, but it is false in principle, impossible in practice, and dishonest in fact.

I am entitled to all I produce with my own hands and with my own brain. I am entitled to all that I produce with my hands and brain, aided with the tools, machinery and other capital that I have saved out of my earnings with my hands and brain. But, am I entitled to all that I produce with my hands and brain when I use the tools, machinery and other capital that you have saved out of your earnings with your hands and your brain?

The great majority of people live up to the full measure of their earning power. Without someone to save, the race would starve. Are those who save to be compelled to turn the result of their savings over to others who have not, and without compensation? Is not the very thought repugnant to your sense of common honesty?

Civilization is the outgrowth of saving. Are those who have saved to be denied all reward for that service to the rest of mankind?

In practice, would you be willing to give me the free use of your capital without compensation? Should you be called a high-class burglar for paying wages to me when I use your tools,

factory and business ability? Yet this is the dishonest and impractical view often expressed by socialists. They assume that all accumulations are the result of some kind of business chicanery.

They forget, or do not want you to remember that RIGID ECONOMY IN EARLY LIFE and SPARTAN DEVOTION TO DUTY are the price of success.

Nine Years Starving Period.

Jamestown Colony, Virginia, was founded in 1607. Every student of American history will remember the "Nine Years Starving Period" through which the colony passed, but many have forgotten or did not learn the tremendous lesson that it taught.

The colonists had come to America for a common purpose. Their minds were of a common mould. They had left their homes in England, turned their faces toward the setting sun, braved the terrors of the Atlantic, to "subdue the wilderness," establish new homes and enjoy greater freedom. They were inured to the hardships of frontier life. Their wants were few. Their

needs were simple. They were isolated from competition and outside interference. Each colonist occupied the log cabin assigned to him and the rude furniture that had been carved from the trees of the forest nearby.

The land was held and tilled in common. They stored all products in a common warehouse. They drew their supplies from that warehouse according to the size of the respective families. In other words, all means of production and distribution were publicly owned and controlled. That is just what socialists advocate. If ever there was a time in history when socialism could have been made to work, it was there in Jamestown Colony. Yet under this arrangement the colony starved for nine long years. Many died.

The explanation is easy: The world requires the best that each person can do. It has been the experience of ages that when you assure a man a livelihood and offer no grand prize for extraordinary effort, *he may do his bit but he won't do his best.*

The prospect of private gain and the spur of necessity are the only universal incentives to exertion.

The more the state does for the man, the less the man will do for himself.

Every prop or assistance that society gives to the individual lulls him into a sense of lazy security and *saps the fine fiber of manly self-reliance*. That is why social and health insurance destroy individual efficiency. These props take out the man's "backbone" and put a "wishbone" in its place.

Socialism ignores all of these principles.

Brown, Jones and Jenkins.

Let us take three men in Jamestown Colony: Brown, robust, deep-chested, industrious, could hoe ten rows of corn in a day. He was willing to do it. Jones, weak and one-lunged, could hoe but two rows. Jenkins, more powerful than Brown, could hoe twelve rows, but from sheer laziness would hoe only two rows in a day.

Brown did his duty at first, but every time he looked across the field and saw his two comrades hoeing but two rows of corn in a day, he slackened his pace until finally the procession moved

at the speed of the slowest and laziest man, and so the colony starved.

Compulsory hours of labor were adopted. No family was allowed to draw supplies unless each able-bodied member had worked at least six hours a day. This afforded but slight and only temporary relief. Malingering or imaginary sickness were practiced by the lazy and the colony continued to starve.

Then King James appointed Captain John Smith, the explorer, as governor of Jamestown Colony. Captain Smith must have understood these great fundamental principles:

The more the State does for the man, the less the man will do for himself. And no man will do his best without the prospect of private gain commensurate with the effort.

Captain Smith parceled out the land, giving to each colonist three acres. We can imagine that he said:

“Brown, here are your three acres. Whatever you produce belongs to you and to Mollie and the babies.

"Jenkins, you lazy lout, here are your three acres. Now work or starve.

"Jones, I know you have weak lungs, but you will have to do the best you can. Maybe the neighbors will help you out."

Encouraged by the lure of wealth, Brown hoed twelve rows of corn a day. Lazy Jenkins, spurred by stern necessity on the one hand and by the prospect of private gain on the other, hoed fifteen rows a day. Jones, thrown upon his own responsibility, discovered that his lungs were better than he thought they were, and he increased his speed to five rows.

History recites that the colony immediately became prosperous under Captain Smith's private ownership plan.

Captain Smith did not increase the fertility of the soil, nor make the sun shine more brightly, nor cause the rains to come in better season, but he took into account some great fundamental principles: Withdrawal of state support and the prospect of private gain had compelled the lazy and lured the industrious to maximum degrees of exertion. Prosperity followed.

Job Harriman Socialist Colony.

The Job Harriman Socialist Colony, established in Antelope Valley, Los Angeles County, California, a few years ago, known officially as the Llano Del Rio Rey Colony, starved out and passed into the discard in the early days of 1918.

Like all true socialists, Job Harriman was an idealist, a dreamer of dreams. He was the faithful disciple of Karl Marx, Engels, Bebel, Belamy, Debs, Hall, Russell, and the rest in endless number whose pathways lead to the land of sweet dreams until the awakening, and then comes disillusionment.

To the thousands of admirers who had listened to his impassioned appeals for "Social Justice," the freedom of the "Wage Slave," the destruction of "Big Business," and to his indictment of "Capitalism," the news of the failure of Job Harriman's colony came as a distinct and painful shock.

Karl Marx, like the Pied Piper of Hamelin, has lured thousands to destruction. Through a long line of zealous converts since 1848, when he pub-

lished his famous work that gave direction to modern socialistic thought, Karl Marx, the master mind of German sophistry, has wrought havoc in many countries. Job Harriman is only one of his many victims. His most notable and ghastly achievement is the destruction and desolation of Russia, through "Lenine," "Trotzky" and their predecessors.

Still Dreaming.

Still inspired with the faith of a dreamer, Job Harriman has removed the wrecked remains of his colony from the arid lands of Antelope Valley to the swamps of Louisiana, and has located the fragments of his colony at Stables in that state. The colony at Stables is likewise doomed to failure. Private enterprises in Antelope Valley are succeeding, but socialism failed. Private enterprises in Louisiana are succeeding, but socialism will fail. It is not because the climate of Antelope Valley is too dry, nor because it is too wet at Stables. It is because Socialism will not work. It is unworkable.

In a public speech at Bakersfield in October,

1918, I gave a history of the failure of Harriman Colony. At the conclusion of my remarks one of the deluded victims of that unfortunate enterprise told me that he believed the failure was due to mismanagement, as much as to laziness or lack of industry. He said that those in authority were totally unfitted by nature, for the positions they managed to secure. They were good men, meant well, but they had impractical theories and constantly wasted the energies of the colony by foolish and illadvised undertakings. They were popular, had many friends, were good talkers, but poor managers. There were many conflicting opinions and there was much disagreement. Some of the "comrades" were too ambitious for place and power. There were jealousies and heartaches. Colony gossip and scandal were not lacking. How like the story of all socialistic ventures!

Politicians

Under socialism the best politician gets to the front, but political brains cannot manage industry.

Russia is attempting to run not only her rail-

roads, but all of her industries, with political brains instead of business brains and she is making and will continue to make a mess of it. Sailors', soldiers' and peasants' councils cannot run railroads nor other business enterprises. Few business men succeed. But under private ownership the poor business manager passes into the junk heap by a natural process of elimination. The masterful business manager survives. The world falls heir to the fruits of successful organization and direction.

As the masterful business manager accumulates wealth he puts it back into industry and gives employment to those who have not the genius of management.

In any state where the business enterprises are owned and controlled by the public at large we find incompetence and mismanagement in proportion to the extent of such public ownership. An army of political hangers on, a vast overhead expense, and a diminished production almost invariably accompany such experiments. The reason is plain. In business under private ownership the poor business man is eliminated and the best busi-

ness brains survive. In politics the poor politician is eliminated and the best political brains survive. But it rarely happens that the genius of business organization and direction and the faculty of vote getting and political place finding are combined in one and the same person.

The political brain seeks popularity. The business brain seeks production.

Political brains cannot manage industry.

Australia

In Australia the telephones are owned and operated by the government. They still use the magneto switching system that was discarded in America over twenty years ago. The Australian government also owns and operates the railroads, and their passenger coaches and general equipment and service resemble ours of twenty years ago. What is everybody's business is nobody's business. They are running these enterprises with political brains and there is no incentive to improve. The Australian railways have always lost money. They have never paid expenses.

Political Brains a Failure

So under government ownership and management of the means of production and distribution resorted to in socialist communities the best politicians, good speech-makers and hand-shakers but poor managers, are entrusted with the management and control of business enterprises, and the best business men, who rarely have the savvy or the hand-shaking and speech-making proclivities necessary to political success, are retired to the rear ranks.

Industry languishes. Standards of living are lowered. The door of individual opportunity is closed. There are no inventions. Natural resources go undeveloped. No one will take the trouble to pioneer for there is no reward—no grand prize.

Political brains cannot manage industry.

Kaweah Socialist Colony

Kaweah Socialist Colony was established and located on the rich river bottom lands of the Kaweah River Valley in Tulare County, California, in the late '80's or the early '90's.

The land was as rich as the famed valley of the Nile. The climate was delightful. Everything needed could be produced in abundance. In the beginning the colony was well financed. Contributions flowed in from the faithful from many parts of the world. Those of us who lived in the adjoining county of Fresno, looked forward to the time when it could be declared a permanent success and thus vindicate the claims of socialism. Our hopes were never realized. As long as the outside contributions continued the colony flourished, but in a few years these contributions fell away and the colony died the slow death of starvation. During the last sad struggle for its existence kind hearted people from neighboring communities brought meat, flour and other provisions to their friends in the colony. At first these were distributed among the "comrades," but as hunger and want increased, those "comrades" who were fortunate enough to have outside friends adopted the practice of hiding these provisions for their own use. Then the colony committees made regular rounds among the colonists in search of hidden goods, and compelled division whenever any

were found. There was not enough to sustain life for all, and one by one the colonists departed, leaving their wrecked hopes behind them, to take up the burden of life anew in the fields of private ownership, private profits, competition, and "capitalism."

Its Victims

In 1897, shortly after this colony had collapsed and its members, sadder but wiser, had disbanded, a man came to my place looking for work. I gave him a job. He had put all his money into the Kaweah Colony venture early in its history and had remained there to the unhappy end.

I had read "Looking Backward," "Progress and Poverty," many pamphlets, had heard many socialist orators (nearly all of them are orators), had made quite a study of Karl Marx, and was, myself, pretty well saturated with the virus of socialism. To be sure, socialists had produced no practical plan, but I was looking forward to the time when some towering socialist endowed with the prescience of statesmanship would give to the world a scheme by which it would be made successful in operation. That time can never come. Socialism is false in principle and will never work.

One day I asked my socialist employee why Kaweah Colony was a failure. He said that the colony seemed to have more than its share of men and women who would not work; that there were certain shrewd manipulators who could out talk the other members of the colony, and that they formed a sort of clique or syndicate and got all the soft jobs; that while they were good talkers most of them were wholly unqualified for the positions they managed to get into. He said the colony was entirely lacking in executive management.

Soviets

All of the little problems were settled by committees and often in a ridiculous way. If one of the school children had a disagreement with the teacher the school committee would spend a day or two making its investigation and findings. If the stock of flour was running low the committee on supplies would hold a long session and finally reach a conclusion. There were committees for everything, and they met often and long. "They seemed to like committee work better than tilling the soil or harvesting the crop. When we saw our

committee comrades wasting all of this time, we did a little loafing on our own hook. Each one seemed to be inspired with the idea that he must not be expected to do more than his share."

In other words, if Whitesides could pitch five tons of hay in a day, and Lopsides could pitch but two tons, Whitesides promptly slowed up to two tons. The whole procession moved at the speed of the slowest and laziest man.

Socialists are not lazy, but socialism breeds laziness.

Slavery of Socialism

"One thing," he said, "was irritating to most of us who did the real work, and that was that if anyone wanted to make some little change or alteration for his own convenience about his own lodgings, it called for a committee meeting and the committee could grant or refuse the privilege. At every turn there was supervision by some committee, whose judgment was law. If I did not like my job and wanted to change it, I must consult the committee. There were constant bickerings and jealousies about who should have the easy jobs.

"I could see no way out of it, for everything belonged to the colony, and the colony could only act through its chosen representatives, but I could not help longing for some of those personal liberties that I was accustomed to under so-called 'capitalism.' Few people realize that socialism means slavery to bureaus and committees.

"Another thing, too, that may seem trivial to you but it grows in importance when you lose it, is a certain pride one takes in the ownership and possession of things that he calls his own. That he can sell or buy or loan or give away. There grows up in one's mind an indescribable hunger for the little piece of ground with a home on it that belongs not to the community but to the man himself. A home that is sacred from intrusion." Then he added with some hesitation as if he were betraying a secret, "I have heard a lot about wage slavery and have made some speeches about it myself, but after all, there is not such a great difference between working under the orders of some committee foreman in the colony, and working under a foreman anywhere else. You are not your own boss either way. Under capitalism, if

you don't like your job you can quit and hunt another one without consulting a committee. No, I still think socialism ought to work, but I don't think I will ever try it again."

And so, Kaweah Colony, founded with a zeal born of high hope and sublime confidence, passed into the discard leaving its trail of misery and disappointment.

Of all the hundreds of socialist colonies that have been started not one remains to give living testimony to their worth. The whole history of socialism may be found written in the epitaphs of the colonies that have lived and died.

The labor problem will not be solved by isms and schisms.

It cannot be solved by the agitator who exhales the poisons of hate. He wanders like some strange mad thing over the earth, sowing the seeds of discord and discontent that blossom into flowers of disloyalty and bear the fruits of treason.

The labor problem will solve itself when each man, woman and child has learned to think more about his duty and less about his rights; when

each pays the price of success by doing his dead-level best and saving his money, instead of doing his bit and spending his money.

Then will poverty disappear from the earth.

The World has been preaching the Gospel of Hate. The World has been sowing the Seeds of Discord and Discontent. The World is reaping its Harvest of Blood.

Labor and Capital

Address of Mr. Cartwright delivered in California.

Mr. President:

Many years ago I heard a great philosopher commence his lecture by saying, "I doubt if there is anyone present who can tell me whether the first hen laid the first egg, or whether the first egg hatched the first hen. I even doubt if any of you can explain why a horse eats grass and grows hair, while a goose eats grass and grows feathers. This is a queer world, filled up with queer people, surrounded by queer problems." The old philosopher was right.

The Golden Egg

You all know the fable of the goose that laid the golden egg, and you remember how the im-

provident owner, not satisfied with the past performance of that goose, killed the poor goose and cut it open, expecting to find a whole basket full of golden eggs at once. And you remember the disaster and disappointment that followed.

With this old fable still lingering in our memories, is it not queer that capital and labor should be doing their dead-level best to kill that goose? That is just what they are about to do. Indeed, what they have almost done. They are flirting with the same disaster and disappointment that befell the man in the fable.

Verily! this queer old world is filled up with queer people. Cannot capital be made to understand that anything that hurts labor, hurts capital? Cannot labor be made to see that anything that hurts capital, hurts labor more? Can they not be made to realize that their interests are mutual?

Cause of the Trouble

The trouble is, we have been preaching the gospel of hate.

The trouble is, we have been sowing seeds of discord and discontent.

The trouble is that for a quarter of a century we have been agitating and legislating and regulating the business man out of business and the working man out of his job.

Nobody wants to be regulated, but everybody wants everybody else regulated, and there is a surprising number of well-meaning politicians who are obsessed with the notion that they are qualified by nature and designated by Providence for that particular job, with salary attached.

A Fat Job

We should not blame the politician. It's a fat job and he wants it. Pays a big salary and gives the appointment of deputyships, clerkships, accountants, and stenographers, furnishing the double opportunity of providing lucrative places for impecunious relatives and friends and of building up an invincible political machine at the expense of the State.

The demagogue has the effrontery to tell us that the corporations pay the tax. That is all right, but what astonishes me is that he expects us to believe it, when all the students of political

economy know that labor pays all taxes, all losses, all waste, all the time. Where does the corporation get its money to pay that tax? The corporation passes the buck. It has to or get out of business.

The Workingman Pays the Tax

The corporation passes the buck to its customers and they pass the buck to their customers, and so on down the line until the tax falls upon the man in the trench, the man with the hoe, the man who creates the wealth by applying force to the resources of nature. The workingman pays the tax. Capital never did, never will and never can pay a tax in the final analysis. If we ever succeed in compelling capital to pay all taxes, all losses, all waste, we will deliver a death blow to labor, for capital will become exhausted and labor will lose its opportunity.

Labor always has, always will, always must pay all taxes, all losses, all waste in the final analysis, either by lower wages or by a higher cost of living. For some years past it has been by an increasing cost of living. This has been

true from the beginning of history and it will be true to the end of time. It is true under Socialism as well as under individualism.

What Is Capital?

Capital is the residue of the usable wealth created by this and former generations and handed down to us unused, unwasted, undestroyed.

Primitive man eked out a precarious existence by applying his bare hands to the resources of nature. He used a convenient club or stone with which to kill some animal for his breakfast. He often went hungry. Necessity became the mother of invention. He stripped the bark from the trees and used the fibre for snares and fish nets. He learned to make and to use spears, bows, arrows and other implements of the chase. These were his capital. Had this capital become exhausted by fire, destruction, loss or waste, or even by taxes, he would have been driven to the original expedient of applying his bare hands to the resources of nature for a livelihood.

Slowly through the ages property rights came to be recognized. Man worked with redoubled

energy as property rights became more secure. Genius responded to the prospect of gain. Then inventions multiplied and up from savagery and barbarism, through the door of mechanical inventions, came the dawn of civilization.

Mechanical inventions were the "open sesame" to a more comfortable and better living.

By slow degrees, through the selection of vocations came the divisions and classifications of labor.

Then came the systematic organization of labor into efficient industrial units, vastly increasing its productive power—the whole system of production and distribution becoming more and more complicated—until we have reached the infinitely complex industrial activities of the present day. Through all these countless centuries of development the position of the workingman has become less and less precarious, the necessities and comforts of life more and more abundant and within easier reach.

The workingman of today enjoys comforts unknown to kings and princes a few centuries ago.

Plea for Co-operation

Man no longer goes forth barehanded to battle with the forces of nature. Capital supplies him with the weapons of conquest. Labor and capital are essential partners in the world's great work of production and distribution. Between them there must be established the fullest co-operation. Their interests are mutual if not identical. They must be taught to fight for each other, not against each other.

Hostile Camps

Instead of co-operating with each other as partners should, we find them arrayed against each other in hostile camps. Employer's Associations on one side and Labor Unions on the other. How long would any business partnership succeed if the two partners went armed and "layed" for each other instead of co-operating for the common good?

The man who works nine hours a day for a definite wage, goes home to a hearty meal and a sound sleep, with no responsibility, and gets up

in the morning refreshed, must not think that he is the only worker.

The foreman over him works ten hours, the superintendent fourteen hours, and the owner of the plant works all day including Sundays and holidays, sweats blood over the weekly payroll and the monthly bills and pays the full price of his success. I am not sure whether the men are working for him or whether he is working for the men in the plant. When he makes an extra dollar, it goes back into the plant, or into some other plant and it gives another man a job.

They are all doing their respective shares of the world's work. Why should they separate into hostile camps?

All wealth is primarily created by the application of force to the resources of nature, but in modern times this is done through mechanical appliances furnished by capital and under intelligent direction.

Mind, muscle and money applied to the resources of nature, produce all wealth.

Mind, muscle and money applied to nature pro-

duce the addition to capital which it is our duty to hand down to coming generations.

Mind, muscle and money applied to nature produce the necessities, comforts and luxuries of life.

If labor chops down a tree, capital furnishes the ax. If labor makes a pair of shoes, capital furnishes the factory. If labor tills the soil, capital furnishes the plow.

Yet capital itself is the product of labor and the misguided I. W. W., the deluded sabotists, who destroy property by fire or otherwise, are making war on the workingman's offspring. They are diminishing the opportunities of themselves and their fellow workers in the struggles incident to human life.

The Arch Enemy of Labor

Every time a haystack, granary, warehouse, factory, tool, implement, material or any item of property is destroyed, the world's supply of property, of wealth, of capital, is diminished just that much and the cost of living goes up in proportion to the amount of the property destroyed. Likewise the opportunity of the laboring man is

diminished just that much, and diminished opportunity means lower wages or higher cost of living. It is out of the sweat of the working-man's brow that the loss must be repaired.

The *malicious destroyer* of property is the enemy of capital, to be sure, but he is the ARCH ENEMY OF LABOR.

Capital can stand the strain; it draws upon its reserves. Labor suffers far more; it has no reserves from which to draw.

Capital Depends Upon Labor

On the other hand, capital is utterly dependent upon labor for its usefulness. The ax must have muscle to wield it; the factory must have workmen to operate it and mind, intelligence to direct it.

Moreover, let the capitalist never forget, not even for a moment, that the great market for the world's products, whether of the farm or of the factory, is to be found among the industrious men and women who are employed at fair wages under fair conditions. Take away the payroll of the

private enterprises of your community and grass will grow in the streets of your city.

Idle Dollar, Idle Man

Universal employment spells prosperity for both worker and employer. The intelligent employer is ready to co-operate in every legitimate movement tending toward permanent employment of our working men and women. Anything that retards, restrains or discourages the investment and active employment of capital, whether it be agitation, legislation, regulation, or labor troubles, or the fear of them, is a calamity to labor and an injury to capital; for an idle dollar means an idle man and an idle man spells loss of profits on the dollar.

Hours and Wages

Perhaps no other question has been so productive of friction between employer and employee as the subject of hours and wages. This friction has been caused by a failure to understand the principles involved, as much as by the selfishness of both sides to the controversy, but it has been

aggravated if not inspired by paid agents of Germany all over the world, before the war.

Some employers suffer from the delusion that the lower the wages and the longer the hours of their workmen, the greater will be the employer's profits. They forget that such men render grudging and inefficient service, while men better paid and better treated do their work with alacrity and are more apt to safeguard the interests of the employer. The one great lesson that employers must learn is, "So treat your employees that they can have no just cause of complaint."

Analysis of Wages and Hours

Shortening the hours of labor to the point of highest efficiency is a blessing to labor ; but shortening the hours below this point is a curse to labor. It raises the cost of living by decreasing the productive power of labor and in the course of years *must lower the standard of living*. The cost of living over a long period of years is governed by the cost of production and distribution. Speculation, overproduction, or underproduction in a given commodity, may violate this rule for a

time; combinations and trusts may set it aside temporarily; catastrophes, like the world war, may obscure it for the moment, but in the final reckoning the law that the cost of living is regulated by the costs of production and distribution is as *immutable as are the laws of God*.

High Cost of Living.

Every sane man knows that—

Raising wages raises the cost of living.

Shortening hours raises the cost of living.

Loafing on the job raises the cost of living.

Every strike raises the cost of living.

Profiteering raises the cost of living.

Russia committed all of these follies until butter cost eight dollars a pound and sugar cost the consumer six dollars a pound, all under the rule of Lenine and Trotsky.

We can raise wages, shorten hours, loaf on the job and strike, all the time pretending to help the workingman, until a pair of shoes will cost a thousand dollars, if we want to. But will it help the worker?

The I. W. W. Argument

I heard an agitator on Stockton Street in San Francisco, addressing what appeared to be an assemblage of workingmen.

His hair was disheveled, his eye blazed with excitement, he gesticulated wildly and in the frenzy of his madness, he urged the workingman to work as few hours as he could without losing his job; to do as little for his employer as he dared during those few hours and yet hold his job; to destroy his employer's property whenever he had a sneaking chance; then he took up a collection.

His audience seemed not to realize that this trinity of evil agencies were the principal causes of the high cost of living immediately before the war. If his insane theories are ever adopted and acted upon by American labor, cost of production and cost of living in America will become prohibitive. American industry will perish, American laborers and their families will go hungry, foreign manufacturers and producers and their workingmen will reap a golden harvest.

This agitator, like others of his kind, was

probably one of Germany's 600,000 paid agents before the war. If American labor could be induced to force wages to a high enough point, American manufacturers could not compete with German manufacturers; if American labor could be deceived into shortening the hours of labor too much, American factories could not compete with German factories; if American labor slows up on the job, thereby increasing the cost of production, American factories must close while foreign factories work overtime. American labor will stand idle. Foreign manufacturers will absorb the markets of the world.

If this form of agitation wins out in America, our American workers will have high wages but no job; short hours but no job; high cost of living but no job to pay it with. Foreign workers will have lower wages, but their cost of living will be low also, and they will have wages with which to meet it; their hours will be longer, but they will have a job.

Science of Wages

I never lose an opportunity to say that wages and hours should be adjusted with a view to the

interests of both parties concerned We must not forget that industry depends not only upon mind, muscle and money, but that it would be useless without the men and women who consume the product. Their interests should never be ignored. We have no right to neglect the consuming public.

Wages and hours are scientific questions. If wages are too low in any country labor loses its purchasing power and business stagnates as it has in China. If wages are too high in any country its industries cannot compete in the markets and labor goes unemployed. Capital, robbed of its profits, gradually withdraws to more favorable countries.

Between these two extremes there is a scientific wage that is best for both labor and capital. Fair-minded employers and honest labor leaders should put their feet under the same table and figure it out. They could at least come within shooting distance of it, and that is nearer than the agitator or the short-sighted employer will ever come.

Hours of labor should be treated in the same way. Shortening the hours of labor to the point of highest efficiency increases production and lowers the cost of living. Both labor and capital are benefited.

Shortening the hours below this point diminishes production, increases the cost of living and hurts both labor and capital.

The Loafer

Loafing on the job is despicable and indefensible. The loafer is a direct burden to labor. He increases the cost of production and distribution by drawing pay for nothing; thereby raising the cost of living, and he, as well as the industrious workingman, pays the bill.

Illustration—Brown hires a man at \$2.00 per day to hoe his corn. The man works fourteen hours a day and hoes ten rows. The labor cost is therefore 20 cents a row. Fourteen hours is too long a day. The day's work is reduced to ten hours and the man hoes twelve rows, the labor cost is 16 2-3 cents a row; thus decreasing the cost of production and the cost of living to the advantage of both employer and employee.

Assume that the agitator comes along and finally has a six-hour day established. Ten hours was a point of higher efficiency and under the six-hour plan the man hoes only eight rows of corn, the labor cost is therefore 25 cents a row. Brown must raise the price of corn or go out of business. So the cost of living goes up. Then suppose the agitator urges the man to shirk and do as little as possible. He hoes only four rows and the cost of hoeing corn doubles to 50 cents a row. Apply this rule to all industries and the cost of living doubles. If the prices cannot be doubled the employer goes out of business and the workingman loses his job. If the prices are doubled, the workingman is injured, for the cost of living is doubled without any increase in his earning power.

Not long since a building contractor related his experience to me. It illustrates this principle so clearly that I repeat it. He said, "Twenty years ago I paid ordinary mechanics \$3.00 a day and up, according to ability. They could get board anywhere at \$20.00 per month. They worked ten hours. Every man took a pride in his work

and rendered efficient service. At that time I could build a very good dwelling house for \$2,000.00. Today (1913, before the war), I pay them \$4.50 per day and a very large percentage of them, through the influence of agitators, shirk their work. The cost of living has trebled and it costs from \$6,000.00 to \$7,000.00 to build that same house. Ten years ago, one man could easily put in 2500 rivets in one line of steel tank work in one day. Today with improved machinery, the walking delegate in my town will not allow one man to put in more than 500 rivets in a day, and the same thing is happening in every department of construction."

Poor, simple-minded walking delegate of that town! He thinks he is befriending labor, while in truth and in fact he is augmenting the cost of living and placing the comforts of life beyond the workingman's reach.

If I can get my wages raised without letting my neighbor get his wages raised, I am benefited but he is injured. If both our wages are raised, neither of us is benefited, because the cost of living rises proportionately. We have merely at-

tempted to lift ourselves over the fence by our own boot-straps.

If all of the workers of the world have their wages doubled, the cost of living is likewise doubled, automatically, and nobody is injured or benefited.

If one-half of the world's workers should have their wages doubled, the cost of living would rise 50 per cent. automatically and the workers whose wages are not raised would suffer great privation. Is that fair?

Railway Strike

When 400,000 railway employees, by threatening a strike, had the eight-hour day established with excessive pay for overtime, the railways necessarily increased their rates to cover the additional expense of operation. These additional rates were added to the selling price of all commodities and other workingmen are paying the bill.

The agitator and the demagogue may argue that the railways should have paid the higher wages without increased rates. But the Interstate Commerce Commission, after an exhaustive

investigation, conceded the justice of the demands of the railway companies and granted permission to raise the rates.

The fact that the acts of the various railroad commissions of the several states, as well as the acts of the Interstate Commerce Commission, have not been too favorable to the railway companies, is conclusively proven by an able article published in the Century Magazine of March, 1917.

Arrested Development

The writer sets forth the startling fact that during the past forty years an average of 5000 miles of railway have been built per year, while in 1916, only 297 miles of railway were constructed. Railroad regulation had well nigh driven the railways out of business, thus retarding the development of our natural resources to the great injury of both labor and capital. Thinking men are glad to note that railway commissioners are rapidly correcting their earlier mistakes.

But the damage had gone too far. Railroad investments became so unprofitable and uninvit-

ing that railways could not be sufficiently financed to stand the strain created by the demands of the war, and President Wilson has been compelled to take control of the railways of America. Freight and passenger rates have been still further increased to prevent too great a loss under government management, thus adding to the high cost of living.

Let labor never lose sight of this fundamental principle. The wages of one man or set of men cannot long remain higher than the wages of other men engaged in the same industry, unless such man or set of men earn the higher wage by higher efficiency—greater productiveness.

To illustrate: Schmidt in Germany and Jones in America are competing manufacturers of clothespins. If they pay the same wages to men of equal efficiency, they can compete on equal terms and both factories continue in business. But if Schmidt pays only \$2.00 per day while Jones is compelled to pay \$4.00 per day, Schmidt can sell his clothespins for 15 cents a gross while Jones must charge 30 cents a gross to make the same profit. Jones is driven out of business and

his men lose their employment, while Schmidt enlarges his plant. This is precisely what happened before the great war, in many lines of manufacture both in England and America. "Made in Germany" appeared on articles everywhere. German wages were low. There were no rules limiting output or otherwise increasing factory cost. German exports increased from two and a half billions of dollars in 1909 to almost five billions in 1913.

England lost a part of her export trade to Germany, even to her own colonies, and on account of unwise rules and regulations, including diminished output, Australia increased her imports from Germany from \$13,893,000 in 1909, to \$21,074,000 in 1913. German workmen were busy while English and Australian workmen were idle.

Only American Big Business with its vast resources, modern equipment, and its scientific grouping of workmen combined with the superior skill and industry of American labor, enabled American manufacturers to compete with Germany in the world's markets. If the false leader

induces American workmen to shirk and give grudging service, we will lose these markets and American workmen will be idle. The man who induces labor to shirk and loaf on the job is labor's greatest enemy.

The force of these simple illustrations will come home to us in the painful process of readjustment after the world war. Millions of men will some day return to productive industries. The pinch of poverty will drive them to heroic sacrifices and superhuman effort.

Competition in all industrial lines will be ten fold greater than ever before. Wages in poverty-stricken Europe will reach low tide, while efficiency in European production will be at high tide.

American industries and American workmen must meet this competition or get out of the procession.

The agitator may continue to urge American workmen to demand impossible wages, coupled with inefficient and grudging service. But American workmen, when disillusioned, will rise to the occasion. They will turn deaf ears to false

leaders. The agitator and the demagogue will pass into the discard.

When the employer and the employee come to their moorings, when they get back their sense of proportion and learn the fundamental principles that control their relations, capital will not want low wages or long hours; nor will labor want high wages and short hours, but both will demand just wages and reasonable hours, based upon a careful consideration of existing facts and of the principles involved.

And when that desideratum shall be brought about, if some greedy employer refuses to give his employees reasonable wages, hours or conditions of employment, the employers' associations will put him on the carpet and compel him to treat fairly with his men. And if some mechanic or other laborer acquires the habit of loafing on the job, his fellow workmen will report him to the Union and have his name stricken from the list of its membership.

Then shall we have, not the enforced closed shop against labor nor against capital, bringing destruction and disaster to both, but the voluntary

closed shop against the unjust employer as well as the worthless employee.

And so, will worker and employer work hand in hand in the world's great field of endeavor.

For God in His wisdom has so limited the use of wealth that no man, however rich, can use much more than his share.

Bacon and Beans

Mr. Cartwright's favorite short lecture.

Gentlemen:

The prosperity of any community depends upon the condition of its laboring men and women.

Maximum degrees of prosperity can only be realized when employment is general, wages just, and conditions of employment such as tend to promote contentment and tranquility.

"Hard times" are always accompanied by widespread unemployment, which, in turn, diminishes all lines of business activity. When the workman is out of a job, sales fall away and collections are difficult and uncertain.

Any investigation into the causes of "hard times" involves serious consideration of the whole subject of political economy.

It was my interest in the welfare of laboring men that caused me to devote much time to the study of these questions.

In my earlier study of this subject, I reached the conclusion that the centralization of wealth into the hands of the few was rapidly becoming a menace to free government. I regarded it as an unmitigated evil. I thought that when one man became enormously rich, many men must be made correspondingly poor.

I believed that the one great overshadowing economic problem of this age is how to procure a wider and more equitable distribution of wealth. The error is a very common one. Millions of people are laboring under that same delusion. Like them, I overlooked the fact that God, in His providence, had solved that problem when He laid the foundations of the race.

Before discovering my error, I made many speeches about Rockefeller and Carnegie and Morgan and other wealthy men, endeavoring to show how the common people were being impoverished by their accumulations.

When a captain of industry makes an extra

million dollars, whether by honest or by dishonest methods, he does not wear two suits of clothes instead of one. Providence has ordained that he cannot comfortably wear more than one suit at a time. He does not wear a higher collar; God has limited the length of his neck. He does not eat two slices of bacon or two pounds of beans, instead of one, for his Creator refuses to increase the capacity of his stomach to make it correspond with the size of his bank roll.

The rich man neither does, nor tries to do, any of these foolish things.

When he has made an extra million dollars, he calls in the heads of departments and says, "We have another million dollars to invest. Increase the size of the Chicago plant to full strength. How many men will it take?" "Five hundred men." "Put them to work. How many do we need in St. Louis?" "About three hundred." "In San Francisco?" "About the same." "Put all of these men to work and take similar action wherever our lines need extending."

Additional factories are built, another pipe line is laid, an old factory is repaired and enlarged

and new enterprises are started. Thousands of men who would otherwise remain idle are given useful employment and every dollar of that million is paid out directly, or indirectly, to labor. The business genius merely becomes the superintendent of a bigger job, without increase of salary. God will not permit him to use that wealth.

Labor is helped, not hurt.

The harm comes when we harass and hamper the active business man; when we threaten him with prosecutions and perhaps fine him, or threaten him with fines. When we badger and abuse him without just cause. When we restrain his legitimate activities. The great business manager comes into the office with an extra wrinkle in his face. He is discouraged. He calls in the heads of departments and says, "Business is bad. Everybody is against us. We seem to have violated some technical provision of the anti-trust law. The newspapers and politicians have poisoned the minds of the people against us. We must be careful in our expenditures. We must retrench, or we will lose money on our invest-

ments. Cut down the Chicago plant about 20 per cent, and do the same with all other plants that are not showing large net returns. Do not enlarge any of our old factories nor start any new enterprises until we are sure of our ground. The labor situation is also unsatisfactory. It may give us trouble. Some employers do not pay their men fair wages, nor give them reasonable consideration in other respects. This reflects upon all of us indirectly. Moreover, while honest labor leaders are fair, some of the labor agitators are unreasonable in their demands. Let us postpone the erection of that new factory at Pittsburgh until the situation is clarified."

So thousands of men lose their employment, and thousands more remain idle who could have had employment if you and I had understood this principle of political economy.

The next day the rich man wears just as good a suit of clothes as ever, just as high a collar, he eats as much bacon and beans as he wants, the capacity of his stomach is undiminished. Only his pride and his usefulness have been impaired. The world has lost the added capital that would

have been created and labor has lost another opportunity. The agitator takes up another collection and the politician gets a few more votes. *They* are the *profiteers* of the system.

I do not mean by this, that the rich man should go unwhipped for violations of the law. The rich man as well as the poor man, should be put in jail for dishonesty or violence, and the richer the man, the severer should be his punishment. But there should be no senseless persecution of the rich man merely because he is rich, if he is doing his share of the world's work. The rich man is just as good as the poor man if he behaves as well, for we are all made of the same kind of mud.

In the years gone by, the door of opportunity has been open to all alike, and I do not want it closed.

There are no fixed classes nor castes in America. The poorest boy born in the slums may, by industry, economy and ability, become a star of the first magnitude in the realm of finance. He may even reach the highest position of trust and power known to mankind—the Presidency of the United States.

Working Class.

They have working classes in the old world but not in America. In Russia, if your father dug post holes, you and your children after you would dig post holes. In Germany if your father was a cobbler you and your children after you would be cobblers. There was hardly a chance in a million for one to rise above the station in which he was born. But in America, all of the great bankers, merchants, manufacturers, captains of industry, sprang from poverty.

They paid the price of success.

They did the thing they were doing a little better than the other fellow was doing it; they saved a little each day; they used their heads for something besides a hatrack.

Carnegie, Rockefeller, Hill, Schwab, Ford, Doheny and Vanderlip were all poor boys. They worked for wages. Most of the Presidents of the United States rose from poverty.

Nearly all rich men of today were in the ranks of labor yesterday, and the rich men of tomorrow are in the ranks of labor today.

But they are not preaching the gospel of hate;

they are not sowing the seeds of discord. They are using their brain, as well as their brawn, industriously and with telling effect. They are distinguishing themselves by their faithful service. They are saving a part of their earnings. They are rising from one position to another. If they are endowed with the power of organization and direction, they will surmount all obstacles and tower above their fellows. But they will never wear more than one suit of clothes at a time, nor will wealth increase their capacity for bacon and beans.

God has limited the use of wealth and they cannot go beyond that limit.

They will use their great wealth just as the rich men before them used their great wealth. They will extend their operations; they will endeavor to make still more money; but by so doing they will give useful employment to thousands of workers; they will increase the world's supply of the necessities and comforts of life; they will improve the world's machinery and processes of manufacture, thereby increasing the productive power of men and so bring more of the comforts and conveniences of life within the reach of all.

Would we be better off if Rockefeller's wealth were equally distributed to all of us? He is estimated to be worth one billion dollars by some, although I am told by well-informed men that this is an overestimate. Let us accept that sum as correct.

There are one hundred million people in the United States. Suppose we placed his property in the hands of politicians who would use all diligence in converting it into divisible form. It would probably take several years. But suppose it could be done in one year and that we received our several shares in monthly instalments. Your share would be eighty-three and one-third cents per month. At the end of the year you would have your ten dollars. Thousands of men and women would have their employment taken away from them by the destruction of this great institution, and they would be competing with you and me for a new job. Rockefeller would eat as much bacon and beans as he does now, but he would no longer be able to render a great service to the world by cheapening products and bringing them to our very doors, as his organization has done in the past.

Suppose we let the government run Rockefeller's business. Would not the government expand that business out of its profits to meet the wants of the growing population, just as Rockefeller has done? Would not the government give employment to more and more people, just as Rockefeller has done? Then where would you and I be any better off than we are now? If the government could run that great business more economically and efficiently than Rockefeller has run it, the world would be better off. But would the politicians that the government would select run that business better or more economically than it has been run? Would there not be a lot of political hangers-on and tax-eaters who know nothing about the business, and would not the final result be the same as it has been in all socialist colonies—incompetence and mismanagement until that great business fell to pieces and its employees compelled to find employment elsewhere? Is not Rockefeller the cheapest and best manager we can get? His only extravagance is said to be attendance upon the Baptist Church; his only dissipations, the building of colleges and hospitals.

He is not employing a hundred thousand men; they are employing him, and dirt cheap at that.

Why should we hate those who have saved and accumulated? Those who are thus able to give us employment? Every item of property save only the bare land represents somebody's saving. Had no one saved anything from the beginning of time there would not be an ax nor a saw nor a hammer nor any kind of tool, machine, or convenience, not even a dwelling house, in existence today. Without them we would be savages of the lowest type, gaining our livelihood with bare hands. Without them there would be no employers and no employment.

Thanks to Divine Wisdom, there have always been some people who were wise enough to save and accumulate. Wise enough to deny themselves the luxury of spending all they made. Without them I could find no employment when in need. Why should I be taught to hate them?

Are they not doing just what I would do if I had the ability and the grit to save and stint myself as they did to get a start in life? Is it because they can give me a job and enable me to

make a living out of their wealth while the agitator is making a living out of my wages? Why should I not try to do as they have done, and save something each day that I may also give employment to someone less fortunate than myself? Why should I not rather hate those who have been so selfish that they have denied themselves nothing, have made no sacrifices, have spent all their earnings, and who for that reason are unable to give to others employment or assistance when in need? Why should I not hate the agitator who is making his living out of me? Is that the reason he continues to agitate?

Some rich men are foolishly selfish and oppressive, and some workingmen are not honest workers, but God has so wisely limited the use of wealth that the richest man cannot eat any more than I can, neither can he wear any more clothes without making himself uncomfortable. As his accumulations increase he merely employs more men. He works harder and for longer hours than before. Why should I envy him? He is my servant, providing me with employment and giving me and those like me the same opportunity

that he himself had when he started in life. If he dissipates, builds yachts, buys champagne, becomes a spender, his folly just takes that much wealth away from him and gives it to workmen who build the yacht or make the champagne.

He has the genius of direction and management. Through this great gift he increases production, raises the standard and lowers the cost of living. The world falls heir to the results of his genius. Without intending to be so, he is the provider, the bread ticket, the servant and the slave of the toiling masses. He is not a speech-maker nor a good hand-shaker, but he renders a greater service to the world than either of them.

He will endow colleges, found libraries, contribute to medical and other scientific research, build old people's and children's homes and hospitals, just as the rich men of the past have done; for a just God directs the universe and He will not permit him to use and consume that wealth personally. If he, or his children, attempt to do so, his fortune is dissipated and passes into worthier hands.

The tall man reaches far up into the tree,

gathers the choicest fruit and most of it, but his great height and his long arms do not enable him to eat more than his share. He eats what he requires and passes the surplus on to his fellows. The more he gathers the more he hands down to others. His ambition, call it greed if you will, causes him to gather all he can reach, but the limitations which nature has placed upon his ability to consume, compel him to feed his less competent brothers below. A foolish world has been trying to hamper and restrain his efforts—to cut off his hands—to shorten his arms—forgetting that the ungathered fruit will rot upon the trees—a loss to all mankind.

But few men and women are endowed with the genius of music, of art, or of oratory, and so it is with the genius of business management. Financial reports show that out of the millions of business enterprises that are started, only ten per cent succeed. Only a fraction of ten per cent succeed in notable degree.

The gift of masterful management,—organization, direction, successful control,—is as rare as the gifts of music and of art, and like them can

only be developed by intensive training and indefatigable industry.

The great captain of industry has vision—initiative. He reaches far above his fellows and opens up new fields of endeavor—new enterprises—new methods—new comforts—new luxuries—and passes them on to others. Hamper and restrain him and you deprive the world of the fruits of his genius.

Instead of cutting off the arms of the tall man let us put the short man on stilts.

Educate and train the incompetent. Teach them industry, economy, and skill.

I no longer worry about the distribution of wealth. I know that industry and economy will give each man his share to use, and if I cannot be as rich as Rockefeller, neither am I burdened with the weight of his responsibility.

I can sleep more soundly and eat more bacon and beans than he can.

Would you like to live in a land where there are flowers without fragrance, birds without song, and men without ambition?

Freak Laws

Address of Mr. Cartwright at the Annual Banquet of the
Merchants and Manufacturers Association of
Los Angeles, Cal.

Mr. President and Gentlemen:

The world is going some just now. We are moving at a rapid pace and in a strange direction. Everything is topsy-turvy, upside down and inside out. Everybody grumbles at the high cost of living, and everybody who has anything to sell is asking a higher price. The farmer wants more for his wheat, the butcher more for his meat, and the man more for his muscle. So the cost of living goes up.

Higher wages, shorter hours and diminished output are the universal demands of labor. Wages, hours and output determine the cost of

production and distribution, and the cost of production and distribution is the basic factor in establishing the cost of living. So the cost of living goes up and up.

Labor is trying to lift itself over the fence with its own bootstraps, but it can't be done. We wish it could be done. But, unfortunately, the higher the wages, the shorter the hours, and the smaller the output, the higher the cost of living.

All the nations want a place in the sun, so every nation is trying to kill off the people of every other nation in order that all of the nations may have that place in the sun. Labor and capital both want prosperity, so labor fights capital and capital fights labor, and if either side wins out, both sides lose out, for their interests are mutual and they rise and fall together. Anything that hurts one hurts the other.

If labor and capital ever spend half as much time fighting for each other as they have been spending in fighting against each other, there won't be an idle dollar nor an idle man.

When they learn to co-operate using the *square deal both ways*, when they learn to figure it out

instead of fighting it out, the problem will be solved.

Then the agitator will have to quit agitating and the demagogue will have to quit demagoguing to earn an honest living.

I am told by your secretary that your organization is unalterably committed to the policy of the open shop. That you will never under any circumstances, or condition, surrender this principle. Every true and loyal friend of labor will rejoice to hear it. Suppose all of the employers of the United States should unite and form a National Federation of Employers. This you can readily do, and at no great expense, largely through the help of commercial bodies of business men now in existence.

Then suppose you declare a closed shop against Union Labor. That is what you can do, and what I fear you will do if organized labor insists upon the closed shop. The closed shop gives dictatorial power to those who are able to enforce it. Dictatorial power may be used wisely and beneficially for a time, but in the end it creates a Frankenstein who rises to destroy his creators.

The closed shop enforced by organized labor would gradually, though unintentionally, extend its powers, rules, restrictions and surveillance until it resulted in the closed factory—closed opportunities, just as it has in Australia, propagandist teachings to the contrary notwithstanding.

The closed shop enforced by employers against labor would be even more disastrous. It would take away the hopes, crush the spirit of the toiling millions and tend to establish permanent castes in organized society. The closed shop savors too much of German Autocracy. It shuts the door of opportunity to all but the elect. I am opposed to the closed shop on either side. It violates a great principle of human right.

The closed shop rings down the curtain upon the liberties of men.

We have seen what the closed shop has done for Australia. The poor remain poor. The door of opportunity is locked and barred.

Wages are low as compared with this country, yet the government is constantly called upon to project new enterprises to provide work for its idle men. They have a theory that anyone who

makes a profit by employing labor is guilty of "exploiting" labor. So they have rules and laws and regulations that make it very difficult, if not impossible, for the employer to make a profit. You will not employ men unless you think you will make a profit by employing them; neither will I, and neither will our Australian friends. So laboring men in Australia have to seek, and do seek, government employment, and at a very low wage.

Ask their great leaders about the cause of the poverty and they will tell you that God gave 99 per cent. of the wealth to America and only 1 per cent. to Australia. *Why lay the blame on God?* Not so many years ago Australia was prosperous. They sought to lighten the burdens of the poor man by *destroying the opportunities of the richer man, and that is the wrong way out.* They tried to equalize the distribution of wealth by law. They agitated and legislated and taxed and regulated the business man out of his business and the workingman out of his job. *They forgot that enterprises will not develop without the prospect of reward. No prize, no race! No profit, no employment! No industry!*

To the man without ambition, the man who is content for himself and his children to remain wage-earners to the end of time, such conditions may be alluring. It is to the man with red blood in his veins, and a spring in his step, who wants to do something and be something in this world, who is willing to carve out his own fortune with his own head and his own right arm, that the world must look for advancement.

The closed shop controls, money will not invest, and that is what's the matter with Australia. The same blighting influence is at work in America, and especially in California. It is misguided, yet in large measure sincere, but all the more insidious because it is sincere.

Any law that openly hurts labor is so repugnant that it cannot pass, yet our law books are full of laws that hurt capital, and thus indirectly hurt labor by limiting, hampering and discouraging investors that give employment to labor, and there is an insane clamor for more such laws. *California has passed so many untried, ill-considered, experimental laws in the last ten years that it will go down in history as the keystone to the arch of half-baked ideas.*

Conservation

Not so long ago Amos Pinchot, a well-meaning millionaire philanthropist, proclaimed the *gospel of conservation*. "*Conserve America's Natural Resources*" came like a call to duty from the lungs of the universe.

Nobody knew exactly what it meant, but it sounded good and everybody fell for it. The nation proceeded to conserve its forests, its water power, its undeveloped oil lands.

California never loses an opportunity to try anything called "Reform," so she led the procession of progressive states for conservation. Among other laws along this line California created a Water Commission with wide discretionary powers and fat salaries, and woe to the man or corporation that dared to appropriate and use water for power or other purposes without complying with vexatious and annoying rules and restrictions.

The President (President Taft) withdrew millions of acres of oil-bearing lands from location. We all quit locating watersites, especially in California. There were no more hydro-electric

power developments. Those who dared to drill and develop oil on lands withdrawn were promptly prosecuted by the government, and everybody was happy.

The raging mountain torrent swept onward to the sea unused. The lakes of oil lay undisturbed in subterranean caverns. The politicians had made a complete job of it.

By 1913 millions of willing dollars lay idle and uninvested and hundreds of thousands of willing hands were searching for something to do. But now! In 1918 there is a great fuel shortage. People in the middle west are freezing and in New York, too. The Fuel Administration finds it necessary to close down our factories at a loss of \$100,000,000 per day. Ah! These corporations have failed in their duty. The railroad commission says we must co-ordinate them. The politician thinks "We ought to create another commission to take these corporations in hand."

Bosh and nonsense! If the politician had kept his nose out of business and allowed the activities of our people to develop along natural lines without meddlesome, nosey, expensive political inter-

ference, we would have had an abundant supply of oil and gasoline at reduced prices. We would have extracted electric light, heat and power from a thousand mountain streams. Millions of dollars would have been invested and spent in California and thousands of men would have had fruitful employment. But neither man nor money will work full blast under political restraint.

Regulation

During the late summer of 1914, I happened to be in the thriving little city of Petaluma, when a great political gathering was being addressed by two politicians of nation-wide fame. I attended the meeting. The hall was crowded almost to suffocation. The speakers, as usual, followed the lead of the agitator. They were loud in their denunciation of corporations and of big business. They were visibly agitated when making their sympathetic appeal for the vote of the working-man. One of the speakers, with clenched fists and ringing voice, told how the corporations had been driven out of politics in California. The applause was deafening. He might have added that

some of the corporations were also driven out of business and that the increasing army of the unemployed was already the largest in the history of the State, but he did not; he seemed to have overlooked this telling point. The audience was with him to a man. The fusillade of adjectives and adverbs swept everything before it.

I tried to analyze that speech. Tried to determine the reason for its popularity—its compelling force. It was the gospel of hate through and through, propounded with all of the eloquence of an able exponent. The doctrines presented were false in foundation, false in theory, a bundle of sophistries, but lurid, skillful, captivating in development. It was the towering personality of the man—his splendid stage presence—his torrential delivery. He was a fighter, not a philosopher. I do not mention his name, I never discuss men. They are unimportant. I prefer to discuss measures. Men are mortal and they die and the worms eat them; principles live forever.

The next morning, while I was at breakfast in a downtown restaurant, four workmen came in. From their dress and appearance they were

evidently mechanics, probably engineers. One of them came up and spoke to me. He proved to be a boyhood schoolmate, whom I had not seen for over thirty years. He introduced me to his companions and they immediately brought up the subject of politics. They asked me if I had attended the meeting of the night before. I told them that I had. Then they asked me if I did not think the speeches were wonderful. I said "Yes, from the standpoint of vote-getting, they were the most wonderful speeches I have ever heard. But," I said, "have you ever thought of the other side of these questions?" They did not know there was any other side. "Well," I said, "I did not know there was any other side until a few years ago, but there is another side." Then I asked them, "What did we hear last night? Now let us cut out the adjectives and adverbs, the pounding of the tables, the impressive gesticulation, and get right down to brass tacks. What did we hear?"

"Why! They reduced railroad freights and fares millions of dollars." "Yes," I said, "we heard that; what else did we hear?"

"They reduced Wells Fargo Express Company

tariffs hundreds of thousands of dollars." "We heard that," I replied. "What else?"

"They reduced water rates, and telephone rates and electric light and power rates, millions upon millions. They drove these conscienceless corporations out of politics. The people now rule the state." They couldn't think of anything more. The figures showed reductions in freight, fares, tariffs, water rates, light rates, power rates, etc., amounting to a total of \$7,000,000.00, according to these speakers. Then I said to these four workingmen, "Seven millions of dollars saved to the great people of the State of California that would otherwise have gone into the insatiable maw of these greedy and heartless corporations. All praise to these champions of the people's rights!"

Then I asked them, "Have your wages been raised?" "No." "Have you any more money in the bank than you had before?" "No." "Can you buy a can of corn, or beans, or a piece of bacon any cheaper than you could before?" "No, things have gone up in price." "Are jobs any more plentiful than they were before?" "No,

the country is full of idle men looking for work." That was before the war had absorbed the army of unemployed. The highways and byways of the State were crowded with idle men.

"Then," I said, "you did not get your share of that seven millions of dollars, did you?"

They admitted they had not. One of the men spoke up and said, "Boys, I believe I begin to see things. I believe we were listening to a couple of keen politicians last night." Then I said, "I am a stranger to all but one of you, but whatever is good for one of us indirectly helps all of us and if anything hurts one of us the rest of us are injured indirectly by that same hurt. The same thing is true in business."

"Now we were told last night about driving the corporations out of politics and about saving that seven million dollars. But *what happened?*" I said, "I don't know what happened in Petaluma, I do not live here. But I do know what happened in Sacramento. That is where I live. The railroad company promptly discharged one-half of the mechanics in their big shops, and put the other half on three days' pay instead of six.

Whether the railroad company adopted that course from necessity, or whether for purposes of retrenchment, or for political effect, I do not pretend to know. But the fact that these men were laid off is a matter of history. These men are now hunting for work. They may even compete for your jobs."

At this point one of the four men turned to the other and said, "That's so, Bill, two of those mechanics were up here last week looking for work."

"That is not all. Wells Fargo & Co. discharged more than one-third of their employees throughout their entire system, and many other corporations took similar action. These men joined the army of the unemployed. But it does not stop there. The groceryman who had been supplying these employees and their families with food found that his paying customers had fallen off and that he had an extra clerk; and so with the merchant, the boot and shoe man, the druggist, the butcher, the baker, the candlestickmaker, and all these men became involuntary members of the unemployed. Now who paid that seven millions

of dollars?" One of the men, quick as a flash, exclaimed, "LABOR!" and another immediately added, "Yes, every d—n dollar of it."

Then I said, "I was not present when the directors of these various corporations held their meetings, but I know what took place almost as well as if I had been an eye-witness.

"The president sat at the end of a long table, with the secretary on his left. The directors occupied seats along the sides of the table. The secretary read his report showing reductions, reductions, reductions, higher costs of maintenance, labor demanding higher wages and shorter hours, losses, losses, on every side as compared with former years. As he read that report the faces of the directors grew longer and longer until they looked like a funeral procession sitting around that table, and when the report was finished, one director got up and said, 'Mr. President, we are up against a game we can't beat. They've got us. We're down and out. The agitator has won the fight. The newspapers, the demagogue and the people are all against us. The people have been misinformed, misguided,

led around by the nose, but they don't know it and we cannot convince them of it."

" 'Mr. Secretary, where can we save something out of the wreck? Where can we economize?' The Secretary said, 'You can't economize. You have to have your plant, your equipment, your supplies, and they are rising in price; there is no place to economize. You might turn off a few men, but you need more men than you have now.'"

" 'Well, turn them off. It is a choice between economy and bankruptcy.' And so they turned off every employee that could possibly be spared, and thus began the army of the unemployed.

"After the meeting was over these same directors smoked just as fine a cigar as they had been accustomed to. This was only one of their many investments. No man of affairs puts all of his eggs into one basket. They would have been better pleased if that particular investment had been a good income producer. Men like to have their enterprises succeed; but they took their loss philosophically. If that investment didn't pay, their other investments would."

"The next day these directors wore just as

good a suit of clothes as ever; just as high a collar; just as red a necktie; they ate their slice of bacon and their pound of beans; their wives dressed just as becomingly and entertained just as sweetly as if that venture had made millions."

"But the mechanic, the workingman—what about him? He is hunting for a new job. His children are going barefooted to school, and the merchant has lost part of his trade."

One of the men turned to my old schoolmate and said, "Stewart, I had never thought of it in that light before," and Stewart replied, "Neither had I."

"Well, boys," I said, "I am not surprised. I have been a student of public questions, and particularly of political economy, for over twenty years, working always, as I thought, in the interests of labor, and I only began to see the light a few years ago."

"But," I said, "let us pursue the inquiry further. Suppose we had encouraged and protected capital instead of doing cheap politics. What would have been the result?"

"Take the hated railroad as an example.

Everybody hates the railroad. I fought them in politics during my whole public career, for they have no business in politics. But they have a right to a square deal. Suppose we had dealt liberally with the railroads, even allowing them to make a sur-profit of say, \$10,000,000.00. Outrageous, of course, to allow the railroad to rob the people, but what would have happened? The Directors would have held their meeting just the same, and the secretary would have read his report. But it would have been a report of profits, profits on every hand, instead of losses—\$10,000,000.00 to the good. And as he read his report the faces of the directors would have spread sidewise instead of lengthwise, until they would have resembled a bunch of full moons sitting around that table. Then that same director would have taken the floor, but he would have said, "Mr. President, railroading pays. We've got a good business. Let us take care of it. Let us put some more men in our shops and take better care of our rolling stock. Five hundred men put to work. Let us put more men in our section gangs and level up and ballast our roadbeds. It will be easier on our

rolling stock and we won't have so many accidents. Railroading pays. Another five hundred men put to work. Let us build a new depot here in Sacramento; the old one is rotting on its foundation—a disgrace to the city. Another five hundred men put to work. Let us build a new line into Antelope Valley. The people up there need the service. It won't pay now, but it will be a feeder to our main line and it will pay after a while. We've got the money. Let us take care of the business. It pays."

"So thousands of men are put to work. Two jobs hunting one man, instead of two men hunting one job, and after the meeting these directors would not smoke any better cigars nor wear any higher collar, nor any redder necktie. They could wear only one suit of clothes at a time, and could eat but one slice of bacon and one pound of beans. Every dollar of that ten millions would have been paid out to labor, directly or indirectly.

"For God, in His wisdom, has so limited the use of wealth that no man, however rich, can use much more than his share."

One of the men said, "I've learned one thing

this morning that I am not going to forget. Labor and capital must quit fighting. They must stand together."

We all agreed. And there in that early morning hour, across the breakfast table in that little restaurant, the five of us shook hands and took a pledge that we would spread this doctrine of co-operation, or mutual helpfulness, instead of mutual hatefulness, whenever and wherever we had the opportunity.

Away with this gosepl of hate! Take it back to the age of barbarism from which it came. Let it sound its war cry, its call to arms. We will answer with a trumpet blast from the pulpit of civilization.

Thoughtful men and women, watching the progress of this movement, conceived in righteousness by the early reformers, but prostituted to power and pay by the agitator and the demagogue, asked themselves the question, "What shall the harvest be?"

Agitators and Demagogues

Mr. Chairman:

Two grave internal problems now vex the State and Nation; the one is political, the other is industrial; but they are so blended together that the remedy must be applied to both in order to reach either.

It is as if two separate poisons had been injected into the body politic, at its most vulnerable point—midway between labor and capital and in such close proximity as to produce one great gaping, virulent ulcer. Both poisons must be eradicated before we can hope for a cure.

I learned in the study of medical jurisprudence that McBurney's point is located midway between the *umbilicus* and the superior right *ileum*, which being interpreted means half way between the navel and the right hip bone. It is a most vulnerable point, for there are no bones to dull the keen edge of the surgical instruments. It is here that the surgeon makes his incision to remove your vermiform appendix and the contents of your pocketbook.

So with the agitator and the demagogue. They injected their deadly poison at the most vulnerable point in the body politic, midway between labor and capital. Agitators and demagogues, also, extract the contents of our pocketbooks.

Irrepressible Conflict

For many years the world has been overrun with speakers and writers proclaiming the false doctrine that worker and employer are natural enemies; that they are engaged in an irrepressible conflict; that labor wants high wages, while capital wants low wages, and that the struggle

that began before Moses was hidden in the bull rushes on the banks of the Nile, must rage on through the centuries to come.

What folly! The same competition exists between men in every relation of business life. The merchant buys the farmer's eggs, butter, grain and other produce at the lowest price that he can induce the farmer to accept. The farmer sells his produce to the merchant at the highest price that he can compel the merchant to pay. The farmer buys his groceries and other supplies from the merchant as cheaply as he can get them, while the merchant charges the farmer as much for these articles as he can compel the farmer to pay without losing the farmer's trade.

Here again we have the so-called irrepressible conflict. According to the theories of these false economists the farmer and the merchant are natural enemies. They ought to burn each other's property; they ought to impoverish each other.

Again, what folly! The welfare of the farmer and the merchant are interdependent. Their interests are so interwoven that an injury to one is an indirect injury to the other. If the farmer

goes broke he cannot pay his grocery bill. If the merchant goes broke he cannot buy the farmer's produce nor furnish the farmer with groceries and other provisions.

The interests of the farmer and of the merchant are mutual, though not identical, just as the interests of worker and employer are mutual though not identical. Any loss or injury to one is an indirect loss or injury to the other.

These early writers and speakers were earnest and honest, but they had been educated in the school of hate; they had learned the lessons of hate; they preached the gospel of hate. There were then, and still are, many wrongs to be righted, many errors to be corrected. They labored in a righteous cause, earnestly, but not intelligently. Instead of righting wrongs and correcting errors, they led us into a greater wrong, a more grievous error. Instead of curing the disease of the body politic, they spread the contagion of hate—the deadliest of all diseases. They were eloquent; they were convincing. It was easy to picture the arrogance of wealth, to depict the sufferings of the poor. There were and still are

cases of such idiotic arrogance; there were and still are cases of suffering among the deserving poor. But the gospel of hate aggravates both. Yet the movement grew in popularity; this false philosophy gained many converts.

The Agitator

Finally the grafting agitator saw his opportunity. He joined the movement; he made fiery speeches and took up collections. He published so-called labor newspapers and journals to the great injury of sincere labor newspapers and journals. He posed as the friend of organized labor and got the workingman's money. He got the business man's money from the fear of strikes and boycotts.

Agitating paid. The agitators increased in number. They preached the gospel of hate and are still preaching it; they sowed seeds of discord and are still sowing them; they reaped a golden harvest and are still reaping.

More discord spells more money and power for the agitator.

There are many earnest and sincere labor lead-

ers, but sometimes the agitator becomes a labor leader. He works up a strike; he wants to show his loyalty to labor; besides, labor furnishes a strike-fund and he handles it, directs its use. Moreover, the strike may be settled privately and he may get a fee from the employer. Many false labor leaders have grown rich in this way.

Labor suffers grievously, but labor's extremity is the agitator's opportunity.

The Demagogue

Then came the wily politician with his ear to the ground and his eye on the weather vane. He heard the rumblings of this growing discontent. The weather vane indicated the direction of the political wind, and he spread his sails to the breeze.

The banker succeeds by securing a large number of depositors, so he conducts his business with a view to pleasing depositors. The merchant succeeds by securing a large number of paying customers, and he endeavors to so manage his business as to attract customers. The politician succeeds by securing a large number of votes, so

he adopts a policy that will, in his judgment, appeal to the largest number of voters.

There are more laborers than employers. The politician thought the agitator controlled the labor vote. So the politician joined the agitators with all the zeal of a new convert. He poured out the fires of his soul in bitter invective against big business, for big business has few votes. He out-agitated the agitator. The corporation became the special target for all the crooked shafts political cunning could spring, for the corporation has no soul to damn, no flesh to kick, no vote to cast.

Thoughtful men and women, watching the progress of this movement, conceived in righteousness by the early reformers, but prostituted to power and pay by the agitator and the demagogue, asked themselves the question, "What shall the harvest be?"

The swelling tide of discontent beat incessantly against the bulwarks of organized society, rising higher and higher with each passing year, until today it threatens the very foundations of orderly government.

The position of the employer becomes more and more precarious and uncertain. Capital is now reluctant to invest in enterprises that require the employment of men, and still more reluctant to invest in undertakings where public regulation may follow.

Fortunately for the agitator and the demagogue, the full fruitage of their labor is obscured by the carnage of the nations. The world war has changed the whole course of industrial events and destroyed all ordinary means of calculating from cause to effect.

But in 1913 and 1914, before the war commenced, our State and Nation were filled with an army of unemployed. Industry was prostrated, capital was idle and laborers were searching for work.

We had *agitated, legislated and regulated the business man out of his business and the workingman out of his job.*

Idle dollars made idle men.

The war of the nations created a demand for labor and the products of labor commensurate with the gigantic character of the struggle. War

is always a period of high consumption and low production. Millions of men have been taken from the active industries where they were producing the necessities and comforts of life, to take their places in the ranks.

Thousands of factories that were making articles for the convenience and comfort of mankind, have been converted into war plants for the manufacture of engines of destruction.

All of the wars of history pale into insignificance in comparison with the present. The demand for labor quickly absorbed the army of the unemployed. The demand was everywhere greater than the supply.

Then we began to see the effects of the gospel of hate. Strikes and lockouts multiplied on every hand. One wing of labor stood sullen and unwilling. In this crisis of our nation's history, for the first time since the Declaration of Independence, a portion of American labor refused to perform its duty. Let us not blame labor. Let us blame ourselves. While the great majority of our rich men are plain and unpretentious, hard working and considerate of the welfare of their

employees, here and there we find a wealthy snob, particularly among the sons and daughters of those great financiers who by industry and business genius have built up large enterprises.

These snobs, although few in number, by their despicable insolence and arrogance have furnished the agitator with his leading argument. He pictures all rich men, all employers, as insolent and arrogant, and quotes news items from the daily press about monkey dinners and drunken joy rides, and so stirs up a feeling of resentment against all wealth, and the politician says "Me too."

While the agitator and the demagogue were poisoning the minds of the people with false doctrines and sophistries, you sat supinely by, uttering no word of protest.

The agitator from his soap box and the demagogue from his political stump, surcharged the very atmosphere with foul diseases and their statements went unchallenged.

Then came a great labor leader pledging the loyalty of American labor in the hour of our Nation's peril.

I say to that labor leader, "Agitators have carried the bombshell too long. They lighted the torch too many years ago. Their spitting fuse has almost reached the powder magazine. The situation created by them and their kind has passed beyond your control. They 'sowed to the wind; we are reaping the whirlwind.' "

Saner men, men with a broader vision, must undo what they have done. We do not question the righteousness of their motives. That question we leave to their conscience and their God. We condemn only the insanity of their methods. The wrongs of the world have been visualized for centuries. They were not blind, so they saw them. But the causes of these wrongs are more remote. They do not appear upon the surface, so they did not see them. They foolishly believed that higher wages and shorter hours would afford relief. They sought to apply their remedy by organized force. To perfect the organization of force, they found it necessary to preach the gospel of hate; *so did the Emperor of Germany.*

Let us cherish the hope that the day is not far distant when the agitator, who preaches the gos-

pel of hate, who sows seeds of discord and discontent, who leads his deluded followers to a harvest of vengeance, may be driven from his soap box by the very men whose cause he pretends to espouse.

Heal the breach that ought never to have existed between capital and labor, remove the shackles that politics has placed upon the limbs of industry, and the blue dome of heaven will shelter a land without an idle dollar or an idle man.

Regulation of Business by Law

Mr. President:

I am not and shall not become a candidate for office. There is not an office in the gift of the people that I would accept.

I do not own a single share of stock in any public service corporation, nor do I receive any compensation or profit of any kind from any public service corporation, either directly or indirectly. I own some property upon which I receive an income, but no stock likely to be affected by legislation, and I am not going to take up a collection. So, I am in a position to tell the truth and to call a spade a spade.

In nineteen hundred and twelve, I became the manager of the Pacific National Fire Insurance Company of Sacramento, a corporation that had been organized for the purpose of keeping California money in California, a matter of very great importance to our workingmen. Our plan was to sell the stock of the company in small blocks to a selected list of prominent business men in each of the community centers of this and other western states. This, we believed, would insure the immediate success of the company and enable us to accomplish the primary purposes for which the company was launched, without vexatious delay.

In order to secure subscriptions to the capital stock of our company, I found it necessary to interview many western business men. This gave me an unusual opportunity to learn the attitude of bankers, merchants, manufacturers and other financiers, not only upon business matters, but upon many important public questions. Many of these interviews were not only highly interesting, but they were of exceptional educational value.

I shall never forget an interview I had with a well-known and highly respected financier of San Francisco. It was in the month of January, 1914.

Like most genuinely big business men, I found him to be unassuming, easily approachable and an attentive listener. I laid the plans and purposes of our company before him. He went into every phase of the question at great length. We consumed the whole afternoon in the discussion. At the conclusion of the interview he turned to me and said, "Mr. Cartwright, you have the best business proposition that has been presented to me in years. I agree with you that the company will be a fine thing for California and that by keeping money at home it will be of great benefit to the laboring men of the state. I agree also that your company will makemoney—barrels of money—more money, probably, than you expect. Your plans are well thought out. They will succeed.

"Now, after making that statement you will be surprised and disappointed when I tell you that I will not invest in your company."

I was disappointed, and I said so. Here was a shrewd business man with a trained mind, who

frankly stated that our proposition was sound, that it would make more money than anything else that he had in mind, yet he would not invest. I asked him to explain.

"Well," he said, "we owned a lot of railroad stock, a lot of stock in the Pacific Gas and Electric Company, some Wells Fargo Express Company stock and stock of other public service corporations. We also owned controlling shares in several manufacturing plants, where we employed large numbers of men. It required many years of careful management and patient waiting to perfect these enterprises to a point where we secured a profit above expenses. Costly experiments had to be made and disheartening obstacles overcome; but, finally, we reached the profit line. Handsome dividends were declared.

"Then the government commenced the serious regulation of common carriers. The President of the United States has always appointed men of exceptional ability as members of the Interstate Commerce Commission. They wanted to regulate us in a spirit of fairness, but they did not understand our business. It took us thirty years

to learn that business. It required a great deal of time and a lot of money to compile facts and figures for the information of the Interstate Commerce Commission to keep them from ruining us by over-regulation. But they were fair-minded men, and notwithstanding the popular clamor that had been aroused by the agitator and fostered by the demagogue, they allowed us to retain what appeared to them to be a fair profit upon our investment.

“They did not allow us as large a profit as we felt entitled to receive, considering the many years of waiting and the risks we had to run before reaching the profit line, but we had to be satisfied.

“Then the state commenced to regulate us in dead earnest. The state of California, just now, has one of the ablest railroad commissions in America, but nowhere in the country have the agitator and the demagogue been more industrious or more successful than here in California. Popular prejudice against corporations has reached the stage of frenzy. Our Commissioners want to be fair. But you and I could not be fair

if we were in their places. They are politicians. They know that every act of theirs will influence the vote of the State of California. They know that it is popular to hammer the corporation, and unpopular to defend it. They know that it is popular to reduce rates and unpopular to raise them. If you and I were politicians, what would we do if we were in their places? The business man also asks himself, 'What will the next Commission do, if we should happen to select one less able and less honest?' But these are only a part of our troubles. The city comes along to regulate us. City Councilmen are usually politicians, and sometimes grafters. They don't know anything about our business and don't care anything about our business. The politician follows the lead of the agitator, and the grafter by methods peculiar to himself and his kind makes us understand that we must either suffer a rake-off or take a knock-out. Then comes the walking delegate, sometimes an earnest worker in the cause of labor, but frequently an agitator, not infrequently a grafter, and sometimes both. He tells us where to head in. He knows nothing and cares nothing about our

business, and cares little about the honest workingman whom he misrepresents. He is there to throw out his chest and show his authority. He is building up a reputation to feather his nest in the Union. We may be compelled to close our plant, causing our workmen to lose their jobs. That makes no difference to him. The *Union pays him* and he has visions of wealth and power when he shall become the titular head of the labor organization."

Continuing, this financier said, "Two weeks ago, on New Year's evening, myself and a party of business friends sat at a table in the Techau Tavern to see the old year out. We talked these matters over. We could see no future for honest business or honest labor in California. We spread it on the carpet and we spiked it down that we would never invest another d—n dollar in California. We've quit. We will not put a dollar into anything that the state can regulate, nor will we invest in any enterprise that requires the employment of men."

I asked him what he was doing with his money, and he replied, "We are buying up Canada lands.

They don't regulate people to death up there, and if they raise our taxes we will raise our rents."

Just now, in the good year of our Lord, 1918, the public regulation of some of our enterprises seems to be necessary. There are certain enterprises that are in themselves natural monopolies. Such enterprises must be regulated and controlled by the public, or they must be publicly owned, in order to prevent extortion and insure good service.

Public regulation is open to the serious objection that it gives the consumer the right to fix the price. This he does through the politician elected directly or appointed indirectly by his vote. There is a constant clamor for increased service and decreased rates.

The politician who does the regulating is sometimes incapable, sometimes weak and vacillating, sometimes dishonest and sometimes all three. He is subjected to great pressure on one side and to great temptation on the other. He must have the wisdom of a Solomon, the courage of a lion, and the integrity and devotion of a martyr, or he may do more harm than good. These qualities

are rarely combined in one and the same politician. Cowardice is a dominant characteristic of the average politician. He is afraid of the newspapers. He is afraid of public opinion. He is afraid of his constituents, and we here in California have added to his fears by that crowning glory of asinine legislation known as "The Recall." Yes, I voted for it years ago in the senate, but I'm trying to forget it. What is more, I know of a lot of other legislators who are secretly trying to do the same thing. That was in those days of righteous wrath when any measure branded with the magic word "Reform" went through with a whoop, especially if it were reputed to be anti-railroad or anti-corporation, or even just ANTI-.

The practical politician no longer asks which side is right or which side is wrong. He wants to know which side has the most votes.

The fair and equitable regulation of such corporate enterprises as may require it is difficult under the most favorable circumstances. Laws for this purpose should be carefully scrutinized and considered.

A reasonable—yes, even an attractive—profit to the stockholder over and above depreciation, sinking funds and upkeep, must be allowed to induce further investments and extensions; otherwise we must face retarded development to the great injury of both labor and capital.

Had not the prospect of great wealth fired the imagination of inventive genius we would still be traveling by stage-coach and hauling our freight in ox-carts. It was the lure of the grand prize that caused the invention of railroads, steamboats, automobiles and flying machines, and secured financial backing that made them a success.

The moment we begin our processes of limiting, circumscribing and hampering achievement by withholding great rewards, we set in motion the forces that may ultimately stop the progress of the world.

We have been altogether too hasty in applying plausible political nostrums for all the fancied ills of organized government. These nostrums in turn produce new political diseases calling for still further remedies, and thus we start an end-

less chain of political evils and political quack remedies, each necessarily following the other in ever-increasing variety.

Nearly all of these so-called evils will disappear without the necessity of new laws. EACH PERSON WILL FIND HIS OWN REMEDY WHEN HE IS WILLING TO DO HIS BEST AND SAVE HIS MONEY, INSTEAD OF DOING HIS BIT AND SPENDING HIS MONEY.

All successful men apply this remedy.

Public regulation of enterprises should be confined to those that cannot be safely entrusted to the individual, leaving the widest possible opportunity to individual initiative and activity. As a general rule, where competition is practicable and desirable, public regulation is unnecessary and unwarranted. But there are enterprises where competition is impracticable and in some instances not even desirable.

Take the telephone as an example. Two telephone systems in a town are a public nuisance. Competition is neither practical nor desirable. The same is true, though in less degree, with city

water companies, gas companies, railway companies, and the like. In all these industries competition is either impossible, improbable, or undesirable, and public regulation follows. Rates and charges of such corporations are regulated to prevent extortion.

Thus far in this state no effectual attempt has been made to regulate the rates of banks, building and loan associations, or insurance companies. Nor should there be. Competition is keen in all these lines and regulation of rates is not necessary to prevent extortion. Most of these institutions are profitable and should be permitted to remain so. Bank failures are public calamities, and no sane man wants to insure his property or his life in an insurance company that is losing money.

The regulation of Banks and of Insurance Companies should therefore be confined to a conservation of their assets. The public has a right to see to it that their assets are not dissipated.

Such regulation should be broad, liberal and helpful in its scope, and should never descend to petty meddling with inconsequential affairs, as all too frequently happens in state regulation of

banks. The commissioners should never seek cheap notoriety and false popularity by "discovering" something for political effect. Strong, prosperous banks and insurance companies give stability to business, and they should be protected from the wiles of the vote-seeking politician.

All regulation of business should be conducted in such way as to interfere as little as possible with the liberties of institutions in the management of their affairs and at as little cost as possible, for the cost burden finally rests upon the producers of the state, and ultimately upon the wage-earner himself.

Public regulation should always be limited to the actual and necessary protection of public rights, and should not be extended and enlarged merely because some public official wants more power. Such enlarged powers intimidate capital, discourage investment, prevent improvement, cause harmful retrenchment and thus deprive labor and capital of fruitful opportunity.

Commissioners are always asking for more power and ever more power. It seems to be one of the vagaries of human nature that men who

are entrusted with power believe that they have exercised it wisely and well, and they uniformly believe that their powers should be increased. I never heard of a commissioner charged with the duty of regulating somebody who was not fully convinced that he had done the regulating to the advantage of everybody concerned, including those whom he regulated. So they come to each succeeding session of the legislature, asking for more power to do more regulating. That is just what got the Emperor of Germany into trouble. He wanted too much power.

Not only should regulation be confined to industries that cannot be safely entrusted to the individual, but these industries should be regulated as far as practicable by positive laws narrowing the field of official discretion. This should be a government by law, not by discretion. Let us have Commissioners, not Permissioners.

The students of Blackstone will remember that only three forms of government were known to the ancients: The Monarchy, the Aristocracy and the Democracy.

In the Monarchy all the sinews of government

were knit together in the hand of a single prince. He ruled by divine right. The subjects had such privileges as the king might grant. The king could do no wrong. He was clothed with extraordinary discretionary powers. These discretionary powers were known as "The Prerogatives of the King." The king did justice to the subjects by grace, not by compulsion. By the exercise of this prerogative power, this arbitrary discretion, the king could placate or punish internal enemies and opponents and reward friends. He could grant or withhold favors at will. It was this power that filled his court with sycophants seeking favors.

For six thousand years men have struggled upward toward light and liberty; for freedom from the regulations and restraints of kings and princes; for the overthrow of their discretionary, their prerogative powers. With the signing of the Declaration of Independence and the establishment of our Federal Constitution, the day star of individual liberty rose to its zenith, its highest point. Under that liberty, unregulated and unrestrained, our rich men grew to be the richest and

the largest in number, our poor men the best off and the fewest in number, our workingmen the best paid, housed, clothed and fed of any in all the history of the world. And yet, here in this country, we have politicians who would confer these discretionary powers, these prerogatives that regulate and restrain, upon commissioners. And *they call themselves reformers!*

The rights of the citizen in a Democracy must be crystallized into positive laws. He must be independent. He must be able to stand up and demand his rights, while the subject of the Monarch can only beg for a privilege.

When we clothe commissioners with discretionary powers we confer upon them the prerogatives of a king. The shadowy form of democracy remains; but the substance is gone. It is not an answer to say that our various commissioners have performed their duties with marked ability. Perhaps some of them have. Many of them have not. Many despotisms have been well conducted for a time. The king's favorites have always been loud in his defense and those who feared him also rendered the tribute of praise. Nor is it an

answer to say that their work has been beneficial. This may all be truthfully said of the Emperor of Germany. His reign has been described as a benevolent despotism. German efficiency under his reign has everywhere been recognized. A despotic government with kingly prerogatives is always efficient under the guidance of an able despot, but it closes the door of independent opportunity to the individual and the people have no assurance that the succeeding despot will be as good.

I, for one, prefer American liberty to German efficiency. Let us have commissioners to enforce the law, but let us, as far as practicable, strip them of their prerogatives, their discretionary powers.

All inspiration to progress finds its chief incentive in the liberty of the individual. There can be no lasting progress without liberty. There can be no liberty without independence. The independence of democracy is its very soul.

Civil and religious liberty, freedom of speech and of the press are now engrafted into the very genius of our institutions. They dare not be

assailed. Industrial freedom must be made equally secure from unnecessary political control.

Heal the breach that ought never to have existed between labor and capital, remove the shackles that politics has placed upon the limbs of industry, and the blue dome of heaven will shelter a land without an idle dollar, or an idle man.

I love the freedom of the old America. The freedom that made our country's flag the beacon light toward which the oppressed of all the nations of the earth could look for hope and inspiration. The freedom that enabled the young man to look with confidence into the future, knowing that the only limitations to his achievements were the boundaries of his intellect and the measure of his energy.

Take away this open field of opportunity by legislation or agitation, and you crush the stimulus to individual initiative that has tempted American Genius to these daring flights.

German Efficiency and American Liberty

One hundred and forty-four years have rolled away since Frederick the Great issued his decree that started universal education in Germany. Nearly fifty years later five million serfs were emancipated by official proclamation and serfdom was technically abolished. The German people became a free people on the surface, but centuries of servitude had established a habit of "mind your master" in them that induced an attitude of subservience to inherited authority. Frederick the Great was not inspired by any broad conceptions of general uplift through the medium of education, but by a desire to increase German

military efficiency. He had learned by observation and experience that the best soldiers were those who had just enough and not too much education. The ruling classes in Germany clung tenaciously to the feudalistic theory of government. German statesmen, philosophers and teachers uniformly regarded the state as consisting of two distinct and separate classes. The few upon whom the burdens and responsibilities of government should rest, largely by reason of inherited right, and the masses of comparatively uneducated people whose chief function was to render unquestioned obedience to the commands of constituted authority.

The whole German system of education as originally founded by Frederick the Great, and as developed and extended by his successors, has consistently adhered to this fundamental idea.

The masses of the people were educated in the Volksschulen, or elementary school for the common people. Here they were drilled most thoroughly in "obedient industry, patience, persistence and thoroughness."

The child was taught from infancy to revere

and respect his superiors and habits of obedience to authority became fixed. The education of about ninety per cent. of the German people was confined to the Volksschulen. Secondary and higher education were unknown to them. Their reverence for the kaiser amounted to a kind of worship. They dared not question his divine right to rule.

On the other hand, the ruling classes were thoroughly trained in the higher schools and universities, receiving special technical training in the particular branches relating to their several departments.

With ninety per cent. of her people schooled to servile obedience and sufficiently educated to render efficient service, and with the ruling classes technically trained each in his special field of endeavor, to organize and to direct, the German machine developed a massed efficiency hitherto unknown in the history of the world.

Individual initiative among the masses remained undeveloped. Being neither fostered nor encouraged, the individual was lost in the progress of the mass. The man was merely a part of the great machine. The door of opportunity was practically closed to nine-tenths of the people.

We heard a great deal about German efficiency during the early stages of the war. Nobody says anything about it now. Germany had more regulations that infringed personal liberty than any other country. Nothing could be done by the individual without first getting some kind of license or permit. The goings and comings of each man, woman and child were made a matter of record. Exhaustive reports were required of all persons, firms, and corporations. They had destroyed individual initiative and incentive. Yet, in eighteen months, America did what Germany had not been able to do in forty years. Why should we further Germanize America by regulations and restraints? Why should those who seek to do so call themselves reformers? They draw their inspiration from Caligula, Aurelius, and William II. of Germany,

American Liberty

Opposed to this theory of a privileged ruling class, the American people believe "That all men are created free and equal," that the door of opportunity should be open to each man, woman

and child alike; that the child of humblest parentage may, by industry and ability, rise to the highest places of honor and trust, of wealth and power; that "governments derive their just powers from the consent of the governed." To perpetuate the enjoyment of these ideals, each man is given an equal voice in all of the affairs of the Government. The rich, the poor, the employer, the employee, the wise and the otherwise, have just one vote each. Out of this very system of government has arisen America's greatest problem.

The German problem was easy. With the masses of the people drilled and schooled to abject obedience, the rulers had only to foster and give direction to that obedience. With the education and training of a recognized ruling class, highly specialized, marvelous efficiency followed as a natural result.

In Germany the individual meant nothing; in America, everything. Laws limiting and restraining individual initiative and activity in Germany, were harmless or even highly beneficial; while in America they are ruinous. The efficiency that

Germany had developed by effacing the individual we can only bring about by developing the individual, and this can be done only by preserving an open field of inviting opportunity.

The marvelous unfoldment of American resources, through the building of railroads, the establishment of great banking institutions and insurance companies, the multiplication of startling inventions, the introduction of labor-saving machinery, the extension of foreign and domestic trade, the utilization of water power, the reclamation of vast areas of arid lands by irrigation and of swamp lands by levees and drainage, was not brought about by agitation, regulation and restraint.

These results were made possible only by the prospect of rewards commensurate with the gigantic character of the undertakings. Business and inventive genius responded to the lure of wealth. The rich man grew richer and the poor man better off. Many poor men became rich. Millions of men received profitable employment and standards of living were raised beyond the dreams of men.

Take away this open field of opportunity by legislation or agitation, by unwise regulation or restraint, and you crush the stimulus to individual initiative that has tempted American genius to these daring flights. No prize, no race.

Laws preventing dishonesty and violence by the apprehension and punishment of offenders, we must have; but laws restraining and regulating the activities of our various industries should be carefully scrutinized and considered before adoption. German co-operation and co-ordination of industrial forces was made easy through enforced obedience. American co-operation must come voluntarily through the education of the masses of our people. A spirit of generous tolerance must be fostered and encouraged along with an earnest desire to be helpful instead of hurtful.

Each citizen of America is a member of the ruling class and America's problem requires the education not of ten per cent, as in Germany, but of one hundred per cent of its population in the essential principles of free government.

The citizen must not only be taught what his

duties are, but he must be inspired with a determination to perform them.

America's future depends upon the application of the "Square Deal" in every relation of public and private life. The square deal between merchant and customer, banker and borrower, employer and employee, and last but not least, the *square deal* in *politics*. It must be a two-sided square deal. The customer as well as the merchant, the borrower as well as the banker, the employee as well as his employer must be guided by the square deal.

Laws against fraud and dishonesty keep business men within "s h o o t i n g distance" of the square deal in their transactions with each other, but such laws can hardly be made to apply to employer and employee. It is here that we must depend in large measure upon the voluntary square deal between the "high" contracting parties. The employer should voluntarily pay his men reasonable wages for reasonable work and furnish conditions of employment as convenient and as safe as the profits of the business and the nature of the employment may justify. The em-

ployee should render a good square day's work in the interest of his employer, and if he hopes to rise above his present position he will do something more.

In the domain of politics in a free country, there will be differences of opinion as to matters of policy, but there can be no differences where questions of elemental honesty are involved. Any law that recognizes classes and proposes to help one class at the expense of another class not only ignores the square deal, but is un-American and is and ought to be unconstitutional.

Far too many of our laws in recent years have been directed against some industry or class of industries. Every industry so regulated and restrained has shown retarded development to the great injury of laboring men. They take the form of regulations and restraints. When these restraints are sufficiently multiplied and extended to enough industries, all incentive to individual initiative will have been destroyed and the door of individual opportunity will be as effectually closed in America as it has been in Germany. The rich will remain rich and the poor will remain poor.

These laws have been passed in response to what appeared to be a popular demand superinduced by misguided and misinformed enthusiasts whose speeches and pamphlets have remained unanswered and unchallenged.

Here in California, where we have adopted an amendment to our constitution providing for "direct legislation" by means of the initiative and referendum, and have the direct primary system of selecting candidates for office, with the means of recall, the education of the voter to a knowledge of the science of government is imperative. The task is a very difficult one because of the many nationalities represented in our population and because of the varied and conflicting interests in a state having every possible variety of soil, climate and production. But it must be done.

If we can preserve the one big principle of the square deal in politics, if we can add to that the spirit of mutual helpfulness instead of hatefulness, if we can induce able and honest men to accept public office, Democracy will stand justified before the world as never before.

There must be no return to the control of a

corporation-owned political machine such as prevailed in California some years ago—NEVER. It savors too much of the German System. Neither must we submit to the domination of a political syndicate that would make a politician's paradise of our state, where fat jobs are parceled out with prodigal liberality to the faithful in the name of "*Reform.*"

Particularly should we shun the leadership of men and of political parties that pose as the friends of the poor, the enemies of the rich and the champions of labor. They preach class hatred for political power. Class hatred must not exist in America. The one paramount lesson that our people must learn is that any law directed against a class will act as a boomerang. Laws against labor destroy the world's great market. Laws against capital retard and discourage investment and diminish labor's opportunity.

America has already stood the supreme test of efficiency imposed by the problems of the war. The ordinary processes and machinery of democratic government were inadequate, but Congress, by almost a unanimous vote, conferred

transcendent powers upon our President, thereby creating a democratic autocracy more powerful than any monarchy in history. No other course would have enabled us to make provision for the defense of democracy against German Autocracy, but when the war is over these powers will be withdrawn and American Democracy will return to the orderly processes of representative government. Never before has such elasticity in the authority of government been exhibited.

In the earlier stages of the war some of the labor organizations, led by agitators, refused to perform their duty, but the great majority of American workmen have since given abundant proof of their loyalty.

Likewise a few business men were disposed to make undue profits, but they were not permitted to retain them.

The most gratifying and encouraging incident of the war was the unanimity with which the captains of industry and the representatives of big business tendered their services to the government at a salary of \$1.00 per year, while their sons volunteered for service in the trenches and

their daughters for service in the Red Cross, serving side by side in genuine comradeship with the sons and daughters of laboring men.

Who knows? America's great problem may have been solved in the trenches. The rich man's son has learned that laboring men are not all anarchists and the workingman's son has learned that rich men are not all bandits and public plunderers. The democracy of the trench tends to destroy the artificial distinctions of society and will go far toward removing the feeling of envy, of prejudice and discontent so successfully played upon by the unscrupulous agitator and the misguided enthusiast before the war. The workingman in the trench has learned that the rich man was a day laborer only a few years ago and that he rose to wealth by hard work, economy and ability, just as any w o r k m a n with sufficient ability and industry may do. "It's an ill wind that blows nobody good," and the world calamity that brought these men together, elbow to elbow in the trenches, may bring a new inspiration and meaning to American ideals.

